

Service Date: August 21, 1987

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Montana)	UTILITY DIVISION
Public Service Commission's)	
Investigation of Federal Tax)	DOCKET NO. 86.11.62
Reform Act Impacts on Public)	SUB 4
Utility Revenue Requirements)	ORDER NO. 5273

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INTERIM ORDER

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BACKGROUND

1. On November 24, 1986, the Montana Public Service Commission (MPSC of Commission), initiated this Docket with an Order to Show Cause that existing rates for public utilities remain just and reasonable following the Tax Reform Act of 1986 (TRA). Filings made pursuant to the Order included information found in and reconcilable with the Commission's minimum filing requirements. On June 8, 1987, the Commission issued Order No. 5236c in Docket No. 86.11.62 setting forth the Commission's decisions regarding general methodology for ratemaking to reflect the changes in revenue requirements caused by the TRA.

2. On June 17, 1987, General Telephone of the Northwest (GTNW) submitted a compliance filing in response to Commission

requests for calculations adopting the methodology set forth in Order No. 5236c. That filing set forth an annual revenue reduction of \$27,080. The filing used the adjusted test year adopted in Order No. 5242a as the basis for the tax calculations.

3. On June 22, 1987, the Commission issued Order No. 5242a in Docket No. 86.9.50, General Telephone of Northwest, Inc.'s (GTNW) application for a general rate increase. In that Order the Commission granted GTNW \$483,514 in additional annual revenues.

FINDINGS OF FACT

4. The Commission finds that the annual revenue reduction of \$27,080 is calculated in compliance with Order No. 5236c and is a reasonable revenue reduction for interim purposes in this docket.

5. The Commission considered appropriate rate design for GTNW in Order No. 5242a. The Commission finds that GTNW should use the rate design set forth in Order No. 5242a to apply this decrease in revenue to its rates.

CONCLUSIONS OF LAW

1. General Telephone of the Northwest, Inc., offers regulated telecommunications services in the state of Montana and is a public utility under § 69-3-101, MCA. The Commission has authority to supervise, regulate and control public utilities. § 69-3-102, MCA.

2. The Commission may regulate the mode and manner of all investigations and hearings of public utilities. § 6-3-103, MCA. The Commission may inquire into the management of the business of all public utilities, shall keep itself informed as to the manner and method in which the same is conducted, and shall have the right to obtain from any public utility all necessary information to enable the Commission to perform its duties. § 69-3-106, MCA.

3. Public utilities are required to render their services at just and reasonable rates. § 69-3-110, MCA. The Commission has a duty to enforce Montana's public utility laws, and may institute an investigation of the rates, tolls, charges, rules, practices and services of a public utility. § 69-3-110 and 324, MCA.

4. Section 69-3-304, MCA, provides in part, "the Commission may, in its discretion, temporarily approve increases or decreases pending a hearing and final decision." The rates approved herein are a reasonable means of providing interim relief. The rebate and surcharge provisions of 69-3-304, MCA, protect ratepayers and the utility in the event any revenue decreases authorized by this Order are found to be unjustified in the Final Order in this Docket.

DOCKET NO. 86.11.62, ORDER NO. 5273

ORDER

1. General Telephone of the Northwest, Inc. is hereby granted interim revenue decreases in the amount of \$27,080 annually.
2. Rates shall be filed to reflect the revenue decrease granted. Such rates will be effective July 1, 1987.
3. Interim revenues granted herein are subject to rebate or surcharge should the Final Order in this Docket determine that a different revenue requirement is appropriate.
4. Staff is directed to hold a prehearing conference to discuss a procedural schedule in this docket.

DONE IN OPEN SESSION at Helena, Montana this 26th day of June, 1987, by a vote of 5-0.

DOCKET NO. 86.11.62, ORDER NO. 5273

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Acting Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.